



OFFICE OF  
INSURANCE COMMISSIONER

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In the Matter of	)	No. D08-0001
	)	
<b>ENGENDERHEALTH, INC.</b>	)	CONSENT ORDER IMPOSING
	)	A FINE
_____ Respondent.	)	

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.02.185, and having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC") makes the following:

**FINDINGS OF FACT**

1. EngenderHealth, Inc. ("EngenderHealth" or "the Company") initially applied in July, 2003 for a Certificate of Exemption to sell Charitable Gift Annuities in Washington. At that time, the Company disclosed that it had sold one annuity in Washington prior to application. OIC subsequently learned that the Company had actually sold two Washington Charitable Gift Annuities prior to application.
2. Because the application was not complete, OIC requested the missing information from the law firm that had made the application on behalf of EngenderHealth. There was no response, so the application was denied in February, 2004. Because the Company had issued Charitable Gift Annuities without a Certificate and because of its lack of response, a Cease and Desist Order was also issued on that same day.



3. The Company then re-applied for a Certificate of Exemption in June, 2007. On this application, EngenderHealth stated it had been unaware of the need to register (the Company believed it had already done so), and disclosed that it had sold six Charitable Gift Annuities between December, 2002 and May, 2005.

4. Upon investigation, EngenderHealth explained how this had occurred. The law firm also contacted OIC to corroborate the explanation and to state that the lack of Certification was the fault of the law firm, not the Company.

5. According to this explanation, the law firm's Paralegal sent the Washington application for Certification, but then left the law firm. The firm did not follow through and therefore, when OIC requested additional information, there was no response. Meanwhile, the Company employee who was supposed to be overseeing the Certifications was engaged in proven mis- and malfeasance. One of her lapses was failure to oversee that Certification was obtained in Washington. The Company thus believed that Certification had been obtained and was unaware of the 2004 Cease and Desist Order. The true situation came to light in November, 2006, when EngenderHealth's Internal Audit Team conducted an audit compliance review. The audit team found that the Company was not registered in the State of Washington to issue Charitable Gift Annuities. This prompted the Company's 2007 application.

### **CONCLUSIONS OF LAW**

1. By issuing six Charitable Gift Annuities without a Certificate of Exemption, EngenderHealth violated RCW 48.05.030(1), applicable to Charitable Gift Annuities under RCW 48.11.020 and RCW 48.38.010.

2. Four of these Charitable Gift Annuities were sold in violation of a lawful Cease and Desist Order issued pursuant to RCW 48.02.080(3).

3. In lieu of suspension or revocation of the Company's Certificate of Exemption, RCW 48.38.050(2) authorizes a fine for each of these violations in an amount not more than ten thousand dollars.

### **CONSENT TO ORDER**

EngenderHealth, Inc., acknowledging its duty to comply fully with the applicable laws of the State of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of the Company's payment of a fine.

1. EngenderHealth consents to the entry of this Order, waives any and all hearing rights, and further administrative or judicial challenges to this Consent Order.

2. By agreement of the parties, the Insurance Commissioner will impose a fine of \$7,650 (Seven-Thousand, Six-Hundred and Fifty dollars).

3. EngenderHealth's failure to timely pay this fine shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this 17<sup>th</sup> day of January, 2008.

EngenderHealth, Inc.

By: 

Printed Name: \_\_\_\_\_

Printed Corporate Title: \_\_\_\_\_

**Mark Allen Trozzi**  
**Vice President of Operations &**  
**Chief Financial Officer**  
**EngenderHealth, Inc.**

**ORDER**

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. EngenderHealth shall pay a fine in the amount of \$7,650 (Seven-Thousand, Six-Hundred and Fifty dollars).
2. The Company's failure to pay the fine within the time limit set forth above shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 28<sup>th</sup> day of January, 2008.

MIKE KREIDLER  
Insurance Commissioner

By Andrea L. Philhower  
Andrea L. Philhower  
OIC Staff Attorney  
Legal Affairs Division